Special purpose vehicle to finance infrastructure projects

127. SHRI RAMAMUNI REDDY SIRIGIREDDY:
SHRI MURLI DEORA:
SHRI K. RAMA MOHANA RAO:

Will the Minister of FINANCE be pleased to state:

(a) whether the proposal to form a Special Purpose Vehicle to fuel infrastructure was mooted in the 2005-06 Budget; and

(b) if so, the details thereof and by when, it is likely to be set up?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes Sir,

(b) As per the Budget announcements the Special Purpose Vehicle (SPV) would lend funds, especially debt of longer term maturity to the eligible projects to supplement other loans from banks and financial institutions. The SPV would raise resource from the market and its borrowing would be guaranteed by the Government, with the borrowing limit set at the beginning of each fiscal year. The borrowing limit for the current fiscal year has been fixed at Rs. 10,000 crore.

Slow down of economy

128. SHRI C. RAMACHANDRAIAH:
SHRI MANOJ BHATTACHARYA:

Will the Minister of FINANCE be pleased to state:

(a) whether the Prime Minister's Economic Advisory Council has cautioned Government that the economy was slowing down and is likely to register a lower growth rate this year;

(b) if so, the details thereof and what is Government's reaction thereto; and

(c) whether Government have any proposal for appropriate intervention with some fresh policy initiatives so as to boost up the growth rate and if so, details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) The Prime Ministers Economic

Advisory Council (EAC) had in May 2005 considered two growth forecasts of 6.7 per cent in the base case and 7.2 per cent under an improved situation for 2005-06.

(b) The EAC's base case assumes sectoral growth rate of 1.8 per cent for agriculture and allied and 7 per cent for manufacturing. The alternative scenario is based on 2.2 per cent growth in agriculture and allied activities and 8 per cent growth in manufacturing. Because of the likely normal South-West monsoon facilitating agricultural growth and based on healthy performance of the manufacturing sector and exports in the first two months higher growth is likely to materialize in 2005-06.

(c) The Government has taken a number of measures to achieve higher growth of the economy. These, *inter alia,* include emphasis on enhanced public investment, diversifying agriculture, promotion of public-private partnership for infrastructure development, liberalisation of Foreign Direct Investment (FDI) and facilitating growth in industries and services sector through an enabling policy environment. The Mid-Term Appraisal of the Tenth Five Year Plan considered by the National Development Council has proposed a broad based agenda focusing on all sectors of the economy including agriculture, irrigation, rural development, infrastructure and industry. The various measures are expected to have a favourable impact on the economy.

Tax scrutiny of top hundred companies

129. SHRI MANOJ BHATTACHARYA: Will the Minister of FINANCE be pleased to state:

(a) whether Government have recently undertaken the tax scrutiny of top one hundred companies in the country on the basis of advance tax collections due in June, 2005;

(b) if so, the details thereof; and

(c) the results of the exercise?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No sir. No scrutiny of cases on the basis of advance tax collections has been undertaken by the Government. The Government has only undertaken monitoring of advance tax payments by top hundred taxpayers.